

effort was made to create the impression that the failure had simply cleared the air and left the older institutions stronger than before. The public refused to accept this view of the case and gradually began to withdraw their deposits from all the banks. Notices of withdrawal poured in from Great Britain, and on April 4th the Commercial Bank of Australasia closed its doors, with deposits of £12,044,000. The English and Australian Bank, with deposits of £5,795,000 and ninety-one branches, stopped payment on April 12th, and the London Chartered Bank, with deposits of £6,588,000 and fifty-eight branches, closed its doors during the next week. The government proclaimed a five days' holiday early in May, in the hope that public excitement would subside while the banks were enjoying a breathing spell. But banks continued to go down, and when the last failure occurred on May 14th, fourteen institutions had failed with aggregate deposits of £85,000,000, including £26,000,000 owed in Great Britain.

Twelve banks, with deposits before the panic of £71,000,000, succeeded in weathering the storm and did much to restore confidence by their refusal to avail themselves of some of the devices of the weaker institutions. The government of New South Wales made bank-notes a legal tender for six months, which enabled the banks, without increasing circulation more than ten per cent., to come to the relief of commerce by liberal loans. The surplus of loanable capital in Europe brought some relief, when the substantial character of the assets of the stronger banks became known, and plans of reconstruction were soon set in motion.¹

¹ London *bankers' Magazine*, May, 1895, LIX., 715.